



# MDI

MURSHIDABAD

Management  
Development  
Institute

## FIN-DATE

THE FINANCIAL GAZETTE OF  
MDIM

Weekly financial magazine  
for the students of MDIM

FINODATE

# ABOUT US



Finartha, the finance club of Management Development Institute Murshidabad formed with the ambitions of bridging the gap between the academic and professional worlds. As a student—run organization, the club brings together students with a shared interest in Finance to enjoy presentations from industry professionals, competitions, quizzes, finance-related discussions, casual and formal networking events as well as a variety of social events. It provides the platform for interactive discussions and orients oneself towards the world of business and commerce. The club plans to get into media through social as well as print media to update the students, academic professionals and industry veterans about its various activities. It thrives on providing the students with additional resources needed to develop themselves into strong candidates for the prospective job market. If one is zealous enough for the activities which go into finance and its substrates then ‘Finartha’ is the platform to quench that zeal.



Issue -134

### TOP GAINERS

INDEX		Securities	Previous Closing	Closing Price	Percentage increase	High/Low
SENSEX	62,868.50	APOLLOHOSP	4775.70	4864.90	1.87%	4882.95/4743.05
NIFTY 50	18,696.10	TECHM	1101.50	1114.000	1.13%	1116.30/1100.05
NASDAQ	11,461.50	DRREDDY	4474.35	4521.00	1.04%	4524.00/4460.15
DOW JONES	34,429.88	TATASTEEL	110.75	111.85	0.99%	112.50/110.15
		GRASIM	1799.95	1817.40	0.97%	1824.70/1786.00

### TOP LOSERS

CURRENCY		Securities	Previous Closing	Closing Price	Percentage increase	High/Low
• USD/INR	₹ 81.44	EICHERMOT	3437.45	3331.00	-3.10%	3435.00/3325.00
• GBP/INR	₹ 100.17	TATACONSM	813.20	795.05	-2.23%	812.50/792.20
• YEN/INR	₹ 00.61	M&M	1293.45	1266.95	-2.05%	129345/1266.95
• EURO/INR	₹ 85.81	HEROMOTOCO	2871.80	2816.05	-1.94%	2865.00/2813.00
		HINUNILVR	2662.85	2620.00	-1.61%	2660.00/2607.15

### TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	STOP LOSS
ITC	Buy	330	396	300
HINDUNILVR	Buy	2520	3000	2268
ADANIPTS	Buy	860	1030	770

### Market Watch

- LIC aims to reach a mix of 75:25 between par and non-par in individual biz
- FPI invest Rs 30385 Cr in Indian equities in Nov so far

*Disclaimer: Futures, stocks and options trading involves substantial risk of loss and is not suitable for every investor. You are responsible for all the risks and financial resources you use and for the chosen trading system. You should not engage in trading unless you fully understand the nature of the transactions you are entering into.*



## FINANCIAL NEWS -NATIONAL

### **The primary task facing the Modi administration is reducing the budget deficit amidst global challenges.**

According to those with knowledge of the situation, India wants to reduce its budget deficit by at least 50 basis points as policymakers balance investor scrutiny with the need for increased spending as the country approaches an election year. According to the persons, who asked to remain anonymous since the discussions are private, Finance Minister Nirmala Sitharaman would try to reduce the deficit to less than 6% of GDP in the year that begins on April 1. The final full-year budget before voters elect their new prime minister in the summer of 2024, when Indian governments traditionally ease the purse restraints, is due on February 1. Sitharaman's situation is made more difficult by the fact that the war in Ukraine has driven up her food and energy costs, and because India also has a current-account deficit, the rupee has been falling to successive record lows. In comparison to the budget estimate of 3.2 trillion rupees (\$39.2 billion), subsidies on food, fertilizer, and fuel will cost at least \$67 billion in the year ending March 2023, or 2.1% of GDP, according to an earlier report from Bloomberg News.

### **RBI requests a new application from Paytm for a payment aggregator licence.**

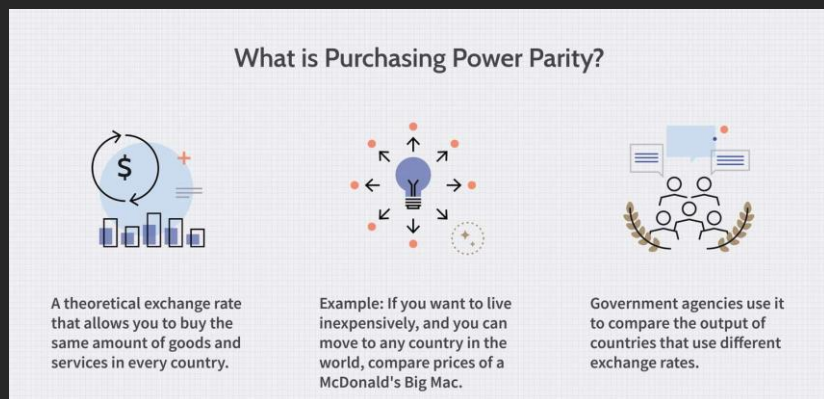
Paytm Payments Services Limited has been requested by the Reserve Bank of India (RBI) to resubmit the application to act as a payment aggregator. The onboarding of online merchants by Paytm Payments Services was halted by the banking authority. New online merchants won't be accepted by the company while permissions are still pending. The company stated in a filing with the exchange that "Our 100% subsidiary, Paytm Payments Services Limited ("PPSL"), is in receipt of a letter from the Reserve Bank of India ("RBI") in response to PPSL's application for the right to offer payment aggregator services for online retailers. In order to comply with the Reserve Bank of India's (RBI) payment aggregator (PA) guidelines, One97 Communications (OCL), owner of the Paytm brand, proposed to transfer the payment aggregator services business it had been engaged in to Paytm Payments Services (PPSL) in December 2020. However, the banking regulator had rejected its application.

### **By December, a new company registration system will be operational.**

The Union government intends to implement a new system for company registrations in a month that will transform the compliance and statutory filing architecture for businesses by replacing the submission of more than 50 forms in portable document format (PDF) with ones that are submitted online. The new forms will address all reporting requirements for a new company, including disclosing information about the company's registered office, directors, and needing a certificate indicating the start of operations, among other disclosures. According to a person familiar with the transition process, the current forms will probably be suspended for about a fortnight during the process.

## What Is Purchasing Power Parity?

Macroeconomic experts frequently use the purchasing power parity (PPP) statistic to compare the currencies of various nations using a "basket of goods" method. Economists can compare economic production and living standards across nations according to purchasing power parity (PPP). In order to account for PPP, several nations modify their GDP estimates. The World Bank publishes a study every few years that analyses the productivity and growth of various nations in PPP and US dollars. Weights based on PPP measurements are used by the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD) to forecast the future and suggest economic policies. Financial markets may see an immediate short-term impact as a result of the suggested economic reforms. PPP is also used by certain forex traders to identify either overpriced or undervalued currencies. The survey's PPP numbers may be used by investors who own foreign company stock or bonds to forecast how exchange rate movements would affect a nation's GDP and, in turn, their



investment. Gross domestic product (GDP) is the term used in modern macroeconomics to describe the entire monetary worth of the products and services generated inside a single nation. The monetary value is computed using nominal GDP in current, absolute terms. The nominal gross domestic product is adjusted for inflation using real GDP. However, some accounting goes one step farther and accounts for PPP value in GDP adjustment. This adjustment aims to change nominal GDP into a figure that is simpler to compare across nations and currencies. It's possible that reality does not accurately represent the purchasing power parity hypothesis. Locally unavailable goods must be imported, which adds to the expense of transportation. These expenses cover import taxes in addition to gasoline. Therefore, imported items will command a somewhat higher price than comparable domestically supplied ones. Value-added taxes (VAT) and other government sales taxes have the potential to drive up costs in one nation relative to another. Tariffs can significantly increase the cost of imported goods, even when the identical items would often be cheaper elsewhere. The pricing of the Big Mac includes non-traded ingredient expenses. These considerations cover things like labour expenses, electricity bills, and insurance. Therefore, it is doubtful that such costs will be comparable worldwide. Products may be purposefully priced higher in a certain nation. Higher pricing can reflect a business's potential advantage over other vendors in the marketplace. The business might be a monopoly or a member of a cartel of businesses that influence pricing to keep them high. Purchase power parity does allow for the potential of price comparison across nations with various currencies, even if it is not a precise measuring metric. The key one is that PPP exchange rates have historically been quite stable. Market rates, on the other hand, are more erratic, and utilising them might lead to rather significant fluctuations in overall growth measurements—even when growth rates in particular nations are consistent.

Source of Image: <https://www.investopedia.com/>

## GLOBAL FINANCIAL AFFAIRS

### Russian oil price restrictions and their impact on the world economy

Russia's oil export prices are being capped by Western nations in an effort to reduce the revenue from fossil fuels that Moscow receives to fund its military, budget, and invasion of Ukraine. On December 5, when the European Union will impose a boycott on the majority of Russian crude oil that is transported by sea, the cap is scheduled to go into force. The price ceiling was still being discussed by the EU. As concerns about lost supply from the boycott compete with worries about weaker demand from a weakening global economy, the dual measures could have an ambiguous impact on the price of oil.

### HOW WOULD IT WORK AND WHAT IS THE PRICE CAP?

Together with other Group of 7 allies, U.S. Treasury Secretary Janet Yellen recommended the limitation as a strategy to keep Russian oil flowing to the world economy but limiting Russia's earnings. The intention is to harm Moscow's finances while preventing a significant increase in oil prices if Russia's oil is abruptly removed from the world market. Only if the price of Russian crude is at or below the cap will insurance companies and other businesses required to ship oil be able to deal with it. The majority of the insurers are based in the EU or the UK, and they might be obliged to take part in the cap. Without insurance, tanker owners could be hesitant to transport Russian oil and may encounter difficulties.

### THE GLOBAL ECONOMY'S ACCESS TO OIL: HOW WOULD IT CONTINUE?

The EU and UK imposed the insurance ban during earlier rounds of sanctions, and if it were to be universally enforced, it could remove so much Russian crude from the market that oil prices would soar, the economies of the West would suffer, and Russia would earn more money from the oil it is still able to export despite the embargo. The second-largest oil producer in the world, Russia, has already redirected a significant portion of its production to India, China, and other Asian nations at reduced costs after Western consumers abandoned it even before the EU ban.

### WHAT IMPACT WOULD VARIOUS CAPITAL RATES HAVE?

Russia might be able to continue selling oil while maintaining its earnings at the current level with a cap of between USD 65 and USD 70 per barrel. Russian oil is currently selling for about USD 63 per barrel, which is significantly less than the global Brent average. Since Moscow is thought to need roughly USD 60 to USD 70 per barrel to do that, its so-called fiscal break-even, a lower cap at around USD 50 per barrel would make it harder for Russia to balance its national budget. However, even with that USD 50 restriction, Russia's cost of production would still be between USD 30 and USD 40 per barrel, giving Moscow an incentive to continue exporting oil just to avoid having to cap wells that can be challenging to restart.

## How does raising interest rates to control inflation

**What is the interest rate:** if someone borrows money, they need to pay back a little extra to make it worthwhile for the lender, this is the interest rate. On the flip side, if someone wants to save money, then a high-interest rate means they can earn more on their savings.

**What the central bank does:** A central bank is like a bank of banks. Like us, banks also earn interest when they leave money with the central bank. Commercial banks have these things called reserves. Commercial banks lend those excess reserves to each other at an interest rate and they can also deposit their excess reserves at the central bank, and when they do that they can earn an interest rate.

**Why central banks raise the interest rate:** When they raise interest rates, they're trying to control inflation, how fast the price rise for everyone. Interest rates are a really powerful tool that they have to do. If inflation is seen as too high, that's when banks raise interest rates. The change spreads through the financial system and slows down the rate of inflation.

**How to raise interest rate affect consumer:** Take mortgages, In some places, lots of people have mortgages with variable interest rates. If someone has a variable interest rate mortgage, where the interest rate that we pay is like to central bank's interest rate, then higher interest rates mean that essentially, immediately the higher rate will translate into less cash to spend on other things. Less spare cash means households will spend less and less spending means the business will be warier about raising prices. This should lower inflation. In another country like America or Canada a bigger share of mortgages is set at fixed rates. People with fixed rates are protected against the direct effects of an interest rate rise. Higher interest rate means that mortgages will become more expensive. If that is affecting all new buyers, then house prices will begin to fall and that will make everyone who owns a home feel poorer and therefore they might spend less, lower spending will translate into lower inflation.



**What is the risk of raising the interest rate:** In 1981 America Fed Bank allowed interest rates to rise to a whopping 19%, the move curbed inflation, but it led to widespread economic pain. In America, it's been over 70 years since they've managed to get inflation down from over 5% without causing a recession.

**How interest rate affects inflation:** A little inflation is Ok, it keeps the economy moving at a sensible speed, but inflation staying high for too long is a problem. Higher prices mean employees will need higher wages pushing up costs for businesses that could drive up the price further. Potentially leading to an upward spiral of wages and prices. Retail inflation in India has surged to 7.8%, the combination of tepid economic activity and high inflation poses serious challenges for the Indian economy going forward. Central bankers are concerned about setting expectations of inflation, the idea is that it can show that it is credible.

Image source - [image](#)

# IPO WATCH : Dharmaj Crop Guard IPO



One of the key factors that is fueling the rise of Indian agro-chemical manufacturers is the customers' move to look for an alternative to China. This, coupled with robust demand from the US, Brazil and Europe could provide a massive boost to India's agro-chemical exports. At the same time, India's rural economy is also expected to witness a rebound led by better labour conditions and improving terms of trade.

Against this backdrop, an agro-chemical maker, Dharmaj Crop Guard, is launching its IPO. Dharmaj Crop Guard is engaged in manufacturing, distributing, and marketing of a wide range of agro-chemical formulations such as insecticides, fungicides, herbicides, plant growth regulator, micro fertilisers and antibiotics. Its customer base includes institutions as well as farmers.

The company exports its products to more than 25 countries in Latin America, East African countries, Middle East and Far East Asia.

The Dharmaj Crop Guard IPO will be a combination of an offer for sale and a fresh issue. The money raised through the fresh issue of the Dharmaj Crop Guard Ltd IPO will be used for funding capital expenditure (expand manufacturing capacity) and incremental working capital requirements as well as repaying debt.

Here are key details about the Dharmaj Crop Guard IPO:

Company Name	<b>Dharmaj Crop Guard Limited</b>	Company Type	<b>Private</b>
Founder's Name		Company Established On	<b>2015</b>
IPO Opening Date	<b>28 November 2022</b>	IPO Closing Date	<b>30 November 2022</b>
IPO Allotment Status	<b>5 December 2022</b>	Credit of Shares to	
IPO Listing Date	<b>8 December 2022</b>	the Demat Account	<b>6 December 2022</b>
IPO Face Value	<b>₹ 10 per share</b>	IPO Lot Size	<b>60 shares</b>
IPO Issue Size	<b>₹ 251 crore</b>	IPO Price band	<b>₹ 216- ₹ 237 per share</b>
IPO to be Listed on	<b>NSE, BSE</b>		

## Financial Snapshot

Particulars	FY 20	FY 21	FY 22
Revenue From Operations	₹ 198.2 crore	₹302.4 crore	₹ 394.2 crore
Net Profit	₹ 10.7 crore	₹ 20.9 crore	₹ 28.6 crore

Source- Upstox & Google



## Structural bottlenecks prevailing in the period 1950-1991

The License Raj refers to regulations and accompanying bureaucracy that were required to set up and run Indian businesses in India between 1950 to 1951

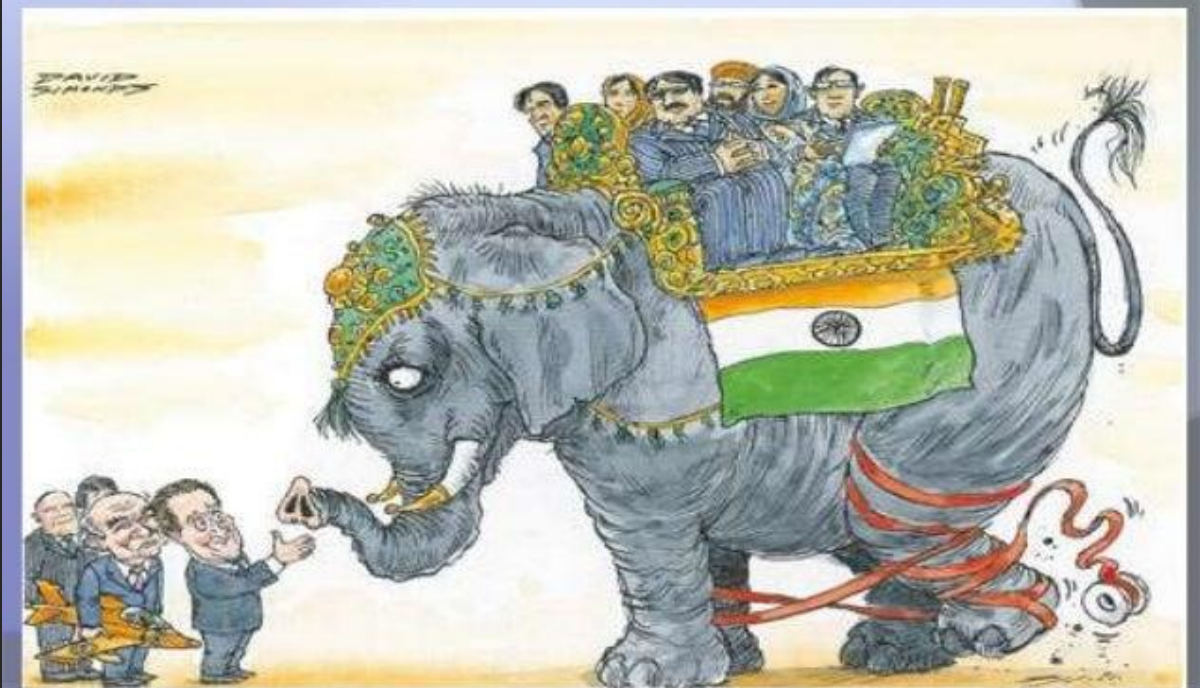
The purpose of licensing was:

- to create the planned pattern of investment
- to counteract monopoly and the concentration of wealth
- to maintain regional balance in locating industries
- to protect the interests of small-scale producers and encourage the entry of new entrepreneurs
- to encourage optimum scale of plants and advance technology

All these were good intentions, but the way the bureaucracy went about administering the licensing system created a nightmare for the entrepreneur. Since the system was based on first come, first serve, "the bigger houses cornered a considerable amount of targeted capacity by putting in multiple and early applications for the same product. Thus, they could "foreclose capacity", without any intention of implementing the successful license application. Tragically, the system ended in thwarting competition, entrepreneurship, and growth, without achieving any of its social objectives. The endless delays in clearing applications discouraged the entry of efficient and honest entrants and rewarded wily, inefficient producers who could manipulate the system. The basic entrepreneurial decisions, such as the choice of technology and the size and location of plants which impacted on costs and prices, were taken away from risk taking businessmen and were made by bureaucrats who did not have clue about the basics of running a business. The licensing was a disaster which raised costs, brought delays, arbitrariness and corruption and achieved nothing. It basically killed at birth any hope for an industrial revolution in India. The administrative mechanisms for implementing the policies of the License Raj provided incentives to circumvent/bypass laws and regulations. Regulation was complex and it was implemented more with courage than with wisdom, covering industrial licensing, import and export regulations, price controls, capital issue controls, and the allocation of indigenously produced materials. It created large and powerful group of vested interests. These comprised politicians, bureaucrats, and a large section of private industry. The rigidity of the License Raj, where businessmen could not shape their firms' destinies, was perhaps one factor leading to the decline of India's share in global commerce. India failed to appreciate that robust competition is the best school in which industry learns to succeed. It creates demanding customers who continually push companies to innovate and improve product quality. Competition also forces companies to invest in employees and upgrade their skills. Eventually a nation's prosperity grows out of its industries' ability to gain competitive advantage in the global market, based on technological superiority and the skills of its workforce. India's failure on the world economic stage is in great part due to the lack of competition in its domestic marketplace. The Indian society was steeped in feudal traditions and generations of economic stagnation where it was difficult to think of private entrepreneurs. Everyone was programmed to think that "my

success can come at the expense of your failure" and the government is the mother and father which can protect me from rapacious businessmen. In such a society, the madness of governmental controls - License Raj - was a natural development. From a government perspective, by the 1960s the sheer momentum of a system of administrative controls had created an administrative monster. As the controlling authorities gained experience, the range and depth of regulation were extended well beyond the initial objective of regulating only the growth of industrial capacity. Power was centralized, with the administration becoming rigorous, rigid and detailed. The judgement of government and planners, on questions such as strategy, size, equipment, processes, and physical locations of units, prevailed over entrepreneurs' judgement. The attitude adopted was that entrepreneurs were pirates and not patriots. In the mid-1970s, an assessment of the system noted that detailed controls put strain on the administrative machinery and delayed implementation. Yet, for political compulsion, the government led by Mrs. Indira Gandhi reinforced the controls system.

## Economic Reforms in India



## IMPORTANCE OF RISK MANAGEMENT IN FINANCE

Risk management is the process of identifying, assessing, and controlling hazards to an organization's capital and income. These risks are caused by a range of factors, including financial uncertainty, legal liability, technological challenges, strategic management failures, accidents, and natural disasters. A successful risk management programme assists a business in considering all of the risks it confronts. Risk management also studies the relationship between risks and the potential repercussions for the strategic goals of an organisation.

This holistic approach to risk management is sometimes referred to as enterprise risk management due to its emphasis on forecasting and analysing risk throughout an organisation. Enterprise risk management (ERM) emphasises the importance of managing positive risk in addition to internal and external threats. Positive risks are opportunities that, if not accepted, could boost the business value or, on the other hand, harm a firm. Indeed, the goal of any risk management programme is not to remove all risks, but rather to preserve and create value for the organisation by making prudent risk decisions.

As a result, a risk management programme should be integrated into corporate strategy. To connect them, risk managers must first identify the organization's risk appetite or the amount of risk that it is willing to tolerate to realize its objectives.

Risk management has never been more vital than it is right now. The hazards that modern firms face have become more complicated as globalisation has accelerated. New hazards emerge on a regular basis, many of which are related to or caused by the now-ubiquitous usage of digital technology. Risk specialists have labelled climate change a "threat multiplier."

The attention shined on risk management during the COVID-19 epidemic has prompted many businesses to not just reassess existing risk procedures, but also to investigate new risk-management strategies, technology, and processes.

More firms are attempting to codify ways to manage positive risks to add company value, in addition to employing risk management to avert unfavourable scenarios. They are also re-examining risk appetite declarations. Risk appetite statements, which were traditionally used to communicate with employees, investors, and regulators, are becoming more dynamic, replacing "check the box" compliance exercises with a more nuanced approach to risk scenarios. The catch? A badly phrased risk appetite statement may suffocate a company or be misconstrued by regulators as endorsing unacceptable risks.

Finally, while forecasting is challenging, especially in the future, tools for monitoring and controlling risks are improving. Among the enhancements? Tools for internal and external sensing that detect emerging and trending threats.

Image credit: Orion





# TEAM FINARTHA

## THE FINANCE CLUB OF MDIM

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BATCH 2021-23 & 2022-2024



**SHREYAS TEWARI**



**MOHAMMAD TABISH**



**SHUBH TANEJA**



**SHIVANI TRIPATHI**



**ADARSHA NAMAN**



**CHIRAG SHARMA**



**ELIZABETH REJI**



**YADUKRISHNA MR**



**PRAGASH RUPAN**



**RAGHBENDRA JHA**



**ANUNAY CHOUDHARY**



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